

would effectively create. The existing process of selecting independent auditors for federal audits is working well, and there is no need to adopt detailed rules that change that process.

The Newspaper Association of America ("NAA") suggests that where information appears in the holding company's 10-K that is relevant to the separated affiliate, Section 274(f) would be satisfied by filing the holding company's 10-K with the Commission in addition to the specific information on the separated affiliate.<sup>66</sup> BellSouth maintains that the Commission should not require the separated affiliate to file a comprehensive 10-K report but instead should adopt for all electronic publishing units a condensed standard reporting format that would consistently meet the specific requirements of Section 274. The separated affiliate should be required to file only that information that is relevant to the concerns outlined in Section 274. BellSouth believes the cost to prepare a comprehensive 10-K for a specific electronic publishing unit would be cost prohibitive, counter to the deregulatory intent of Congress, competitively damaging, and totally unnecessary to meet the intended reporting requirements of Section 274.<sup>67</sup>

### **VIII. Conclusion**

The Commission's existing affiliate transaction and cost allocation rules go beyond what is required by §§ 271-276 of the 1996 Act in the way of accounting safeguards for BOC provision of interLATA services, interLATA information services, manufacturing, electronic publishing, alarm monitoring services, and payphone service. The Commission should be reducing the burden of compliance with its regulations, not adopting onerous new requirements. Accordingly, the Commission should not eliminate "prevailing company price" as a valuation method and should not apply the asymmetrical asset transfer rules to services transactions. The Commission should

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<sup>66</sup> NAA at 4.

<sup>67</sup> BellSouth at 44.

also reject the proposals of parties such as AT&T, MCI and LDDS WorldCom that would result in onerous regulatory burdens on the BOCs and their separated affiliates. The Commission should view such proposals for what they are -- self-serving, opportunistic attempts to impede the ability of the BOCs and their separated affiliates to compete with the IXC oligopoly.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.  
BELLSOUTH CORPORATION  
By their Attorneys

A handwritten signature in dark ink, appearing to read "W. B. Barfield", is written over a horizontal line.

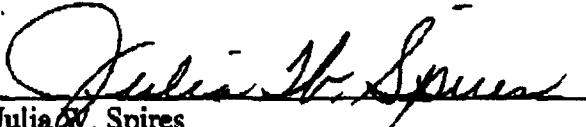
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September 10, 1996

### **CERTIFICATE OF SERVICE**

I Julia W. Spires, do hereby certify that I have this 10th day of September, 1996, serviced all parties to this action with the foregoing "REPLY COMMENTS" reference CC DOCKET 96-150, by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid addressed to the parties as set forth on the attached service list.

  
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